



# ICD-10 MHS Billing Impacts Update

Presented by TMA UBO Program Office Contract Support

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- Definitions
- ICD-10 Awareness Training - Why Do We Need a New Coding System?
- Benefits & Advantages of New Codes
- Quality Issues Resolved
- Understanding the Difference Between ICD-9 and ICD-10
- How to Build an Inpatient Procedure Code
- Coding and Documentation Changes and Impacts
- Medical Necessity and Reimbursement
- Billing Impacts
- Freezing the Codes
- Resources and MHS Training

- International Classification of Diseases, 9th Edition, Clinical Modification (ICD-9-CM)
  - Diagnosis and medical procedure code system developed in the U.S. and implemented in 1979
  - Volumes 1 & 2 Diagnosis Codes (used by all providers)
  - Volume 3 Procedure Codes (used by hospitals for inpatient reporting)
- International Classification of Diseases, 10th Edition, Clinical Modification/Procedure Coding System (ICD-10-CM/PCS)
  - Classification system developed by the World Health Organization (ICD-10-CM) and CMS (ICD-10-PCS) to replace ICD-9
  - ICD-10-CM: replaces ICD-9-CM
  - ICD-10-PCS: replaces ICD-9-CM Volume 3

# ICD-10 Awareness Training

## Need for a New Coding System

- ICD-9 was implemented over 30 years ago and becoming outdated 10 years ago
- Not a flexible system for quality measures, medical error reduction, public health reporting, cost analysis
- Running out of room for new diseases, diagnoses and technologies; becoming insufficient for the addition of new codes
- There were limitations in using the data for patient care improvement, institutional quality reviews and medical research

# Benefits and Advantages

- ICD-10 allows for more specificity due to increased number of categories and codes
  - will allow for more detail on the claim form
  - will allow for more accuracy in coding diagnostic procedures
  - improves mortality (cause of death) codes
  - expands injury codes
- Reduces the number of codes needed to fully describe a condition; creates combination diagnosis/symptom codes
- Will help with performance measures, medical error reduction, public health reporting, cost analysis and reimbursement

# Quality Issues Resolved with ICD-10

- ICD-9-CM – currently unable to identify left versus right
  - *Example: Fracture of wrist. Patient fractures left wrist. A month later, fractures right wrist.*
  - ICD-10-CM describes:
    - Left versus right
    - Initial encounter, subsequent encounter
    - Routine healing, delayed healing, nonunion or malunion

# Quality Issues Resolved with ICD-10

- ICD-9-CM codes erratically organized
  - *Example: Combination defibrillator pacemaker device*
  - Codes for this device are not in the cardiovascular chapter of ICD-9-CM with the other defibrillator and pacemaker devices
  - ICD-10-PCS provides distinct codes for all these types of devices in a logical user-friendly order

# Comparison of ICD-9-CM and ICD-10-CM

## ICD-9-CM

DX codes are 3-5 numeric characters

Approx 14,000+ codes

Lacks detail

Lacks laterality

Difficult to analyze data

Limited space/new codes

## ICD-10-CM

DX codes are 3-7 alphanumeric characters

Approx 69,000+ codes

Very specific

Has laterality

Specificity improves analysis

Flexibility to add codes



# Diagnoses Will Look Different

## ***Example: Fracture of unspecified part of right clavicle, initial encounter for closed fracture***

- ICD-9-CM currently has 3-5 numerical digits
  - Example coded in ICD-9-CM: **123.45**
- ICD-10-CM has 3 - 7 digits (alpha/numerical)
  - Example coded in ICD-10-CM: **S42.001A**

## Some Major Modifications with ICD-10

- Increased number of codes available to approximately 155,000 diagnosis and procedure codes
- Adds trimesters for obstetrics
- Adds laterality (left/right)
- Harmonizes mental health codes with American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM)-IV
- Harmonizes with ICD-O-2 for cancer registry
- Expands injury codes in which ICD-10-CM groups injuries by site of the injury
- Increases maximum length of codes from 5 to 7 characters
- Incorporates V and E codes into the main classification in ICD-10-CM

- ICD-10-CM is alphanumeric and includes all letters except U
- Some chapters have been rearranged
- Some titles have been changed
- Conditions have been regrouped
- ICD-10-CM has almost twice as many categories
- Minor changes have been made in the coding rules for mortality
- The number of chapters has expanded from 19 to 21 with the eye, adnexa, and ear; each have their own chapter
- The external cause of injury codes have been expanded along with codes for injuries and poisonings
- Some coding guidelines have changed

- ICD-10-CM is divided into two main parts:
  - Index (alpha list of terms & code)
  - Tabular List (sequential/alphanumeric list of codes divided into chapters based on body system or condition)
- First character always alpha
- Character 2 always numeric
- 3-7 can be alpha or numeric
- Decimal placed after the first three characters
- The letter “x” is used as a dummy 5th character place-holder
- Example: **T36.0x1A** (initial encounter for accidental poisoning by penicillin)

- Used to code Inpatient Procedures
  - Replaces the current ICD-9-CM Volume 3
    - These procedures currently have codes with 3-4 digits – all numeric (12.34)
- Excludes common procedures that are not unique to the inpatient setting, such as laboratory tests and educational sessions
- Continue to use Current Procedural Terminology (CPT®) and Healthcare Common Procedural Coding System (HCPCS) to code all outpatient procedures

- Some structural differences for ICD-10-PCS:
  - ICD-10-PCS – has 7 digits, alphanumeric
    - Numbers 0-9 are used
    - Letters O and I are not used to avoid confusion with numbers 0 and 1
  - Example: **0FB03ZX** – excision of liver, percutaneous approach, diagnostic

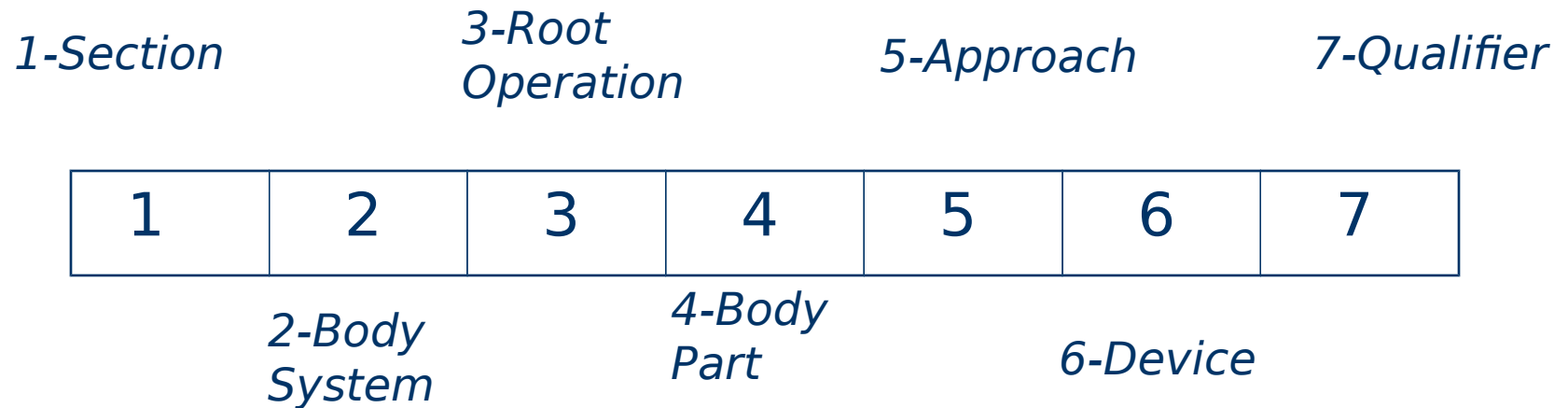
## What Else is Different?

- **Completeness:** a unique code for all substantially different procedures
- **Expandability:** as new procedures are developed, the new structure will allow them to be incorporated as unique codes
- **Multi-axial codes:** each character component retains its meaning
- **Standardized terminology:** definitions are defined and standardized

- ICD-10-PCS is a logical, consistent structure that informs the system as a whole, down to the level of a single code
  - The process of constructing codes in ICD-10-PCS is logical and consistent: individual letters and numbers, called “values” are selected in sequence to occupy the 7 spaces of the code, called “characters”
- All codes in ICD-10-PCS are 7 characters long
- Each character in the 7-character code represents an aspect of the procedure



- *Example: ICD-10-PCS Code Structure:*



# Building the ICD-10-PCS Code

*Example: Closed reduction of a forearm fracture*

■ Character 1	Section	Medical & Surgical	<b>O</b>
■ Character 2	Body System	Upper Bones	<b>P</b>
■ Character 3	Root Operation	Repair	<b>Q</b>
■ Character 4	Body Part	Radius, Right	<b>H</b>
■ Character 5	Approach	External	<b>X</b>
■ Character 6	Device	No Device	<b>Z</b>
■ Character 7	Qualifier	No Qualifier	<b>Z</b>

Note: Z is used when there is no documentation for the character.

# Examples of ICD-10-PCS Codes

- Procedures coded from the Medical and Surgical Section:
  1. Suture of skin laceration, left lower arm:  
ICD-10 code: **0HQEZZ**
  2. Sigmoidoscopy with Biopsy:  
ICD-10 code: **0DBN8ZX**

# Documentation and Coding Impacts

- ICD-10-CM Guidelines for Coding and Reporting are found in the front of the ICD-10-CM coding book
- A few examples include:
  - Diabetes documentation and coding will need to specify type (Type 1 or Type 2) and cause of diabetes, such as drugs or chemicals, underlying condition, or other specified diabetes
  - Diabetes code capture will require documentation of the body system complications related to diabetes, such as kidney or neurological complications

*Note: Coders should follow guidance from their Service UBU POCs regarding MHS ICD-10 coding guidelines*

- Links the diagnosis submitted with the procedure or service performed
- ICD-10 will improve justification of medical necessity
- Is being re-written to accommodate ICD-10 so different third-party payers will expect providers to meet the new medical necessity criteria for payment of claims

# Anticipated Billing Impacts

- Potential backlogs with coding can impact timely filing for billing claims
- Potential queries with physicians can also hold up claims
- All providers and facilities must test their system with third-party payers to ensure that parties can both send and receive
- Potential increased documentation requests to substantiate medical necessity
- Potential payment delays
- Updated coding edits
- Decreased collections

- General Equivalency Mapping System (GEMS)
  - developed by CMS to map ICD-9 and ICD-10
  - no one-to-one direct match
- All claims will move from ICD-9 to ICD-10 based on date of discharge 1 October 2014
- Each health plan has to directly match ICD-9 to ICD-10 codes and match the rate for reimbursement
- Health plans also need to map against medical policy, claims edits, and reimbursement methods to understand their impacts to business processes and system

- On October 1, 2012, there will be only limited code updates to both the ICD-9-CM and ICD-10 code sets to capture new technologies and diseases as required by Section 503(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Pub. L. 108-173), enacted on December 8, 2003.

**NO FY13 MHS CODE CHANGES**



- On October 1, 2013, there will be only limited code updates to ICD-10 code sets to capture new technologies and diagnoses as required by section 503(a) of Pub. L. 108-173
- There will be no updates to ICD-9-CM, as of 1 October 2014.
- On October 1, 2015, regular updates to ICD-10 will begin

# ICD-10 CM/PCS Resources – References

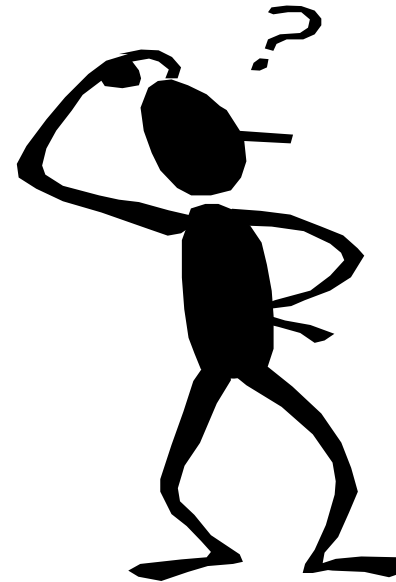
- 2013 ICD-10-CM and GEMs available at:
  - <http://www.cdc.gov/nchs/icd/icd10cm.htm>
  - <http://www.cms.gov/Medicare/Coding/ICD10/index.html>
    - 2013 ICD-10-CM Index to Diseases & Injuries
    - 2013 ICD-10-CM Tabular List of Diseases and Injuries (with/instructional notations)
    - Official Guidelines for Coding and Reporting 2013
- 2013 ICD-10 PCS and GEMs available at:
  - <http://www.cms.gov/Medicare/Coding/ICD10/index.html>

- Beginning in FY13, the MHS is launching an ICD-10 education program made of basic and advanced web-based training modules.
  - will be available enterprise-wide at the MTF level, first to MHS coders and auditors, then to billers and analysts, and then to providers, by specialty.
  - access will be provided pursuant to MHS Service hierarchy and granted by Service administrators
  - reports will be available by Service, MTF and type of user (e.g., biller, coder, analyst)
  - training Administrators have been designated as follows:
    - TMA = Ms. Michele Gowen
    - Army = Ms. Minerva Leal
    - Navy = Dr. Joseph Ronzio
    - Air Force = Ms. Cindy Pierson
    - JTF CapMed = SFC Wilson Valverde

- UBO Service Managers should contact their POC for training
- For more information view the July 2012 ICD-10 Newsflash available online at:  
[http://www.tricare.mil/tma/hipaa/documents/icd10flash/July%202012%20Newsflash\\_for%20review\\_July31-2012\\_FINAL%20website.pdf](http://www.tricare.mil/tma/hipaa/documents/icd10flash/July%202012%20Newsflash_for%20review_July31-2012_FINAL%20website.pdf)

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- Please contact the UBO Helpdesk if you have any questions or concerns at (703) 575-5385 or [UBO.helpdesk@altarum.org](mailto:UBO.helpdesk@altarum.org)



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- The American College of Healthcare Executives (ACHE) grants one (1.0) Category II ACHE educational credit hour per one (1.0) hour executive/management-level training course or seminar sponsored by other organizations toward advancement or recertification. Participants may self-report CEUs on their personal page at <http://www.ache.org/APPS/recertification.cfm>.
- The American Association of Healthcare Administrative Managers (AAHAM) grants one (1.0) CEU unit “for each hour in attendance at an educational program or class related to the health care field” for AAHAM-credentialed participants who self-report using AAHAM’s on-line CEU tool. Participants may self-report CEUs during their recertification process at <http://www.aaham.org/Certification/ReCertification/tabid/76/Default.aspx>.